Translation from Arabic

Telecom Egypt Company
(An Egyptian Joint Stock Company)
Separate Financial Statements
For the Financial Year Ended December 31, 2015
And Auditor's Report

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For the Financial Year Ended December 31, 2015
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AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TELECOM EGYPT COMPANY

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Telecom Egypt Company S.A.E, which comprise the separate balance sheet as at December 31, 2015, and the separate statements of income, cash flows and changes in equity for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

These separate financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the separate financial statements.

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Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of Telecom Egypt Company as of December 31, 2015, and of its financial performance and its cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these separate financial statements.

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following:

1- As explained in note no. (35-1) of the notes to the separate financial statements, which describes the dispute between the company and both companies Mobinil and Vodafone (Mobile Operators) in regards to the interconnection rates. Several resolutions were issued by the National Telecommunication Regulatory Authority (NTRA) determining the interconnection rates based on the complaint filed by the company. As a result, the Mobile Operators filed lawsuits and arbitral litigations for ceasing the implementation of the said resolutions. In addition, to the lawsuits and arbitral, litigations filed by or against the company and the dispute parties, several rulings were issued but were appealed before the relevant authorities. These litigations and appeals are still under deliberation before the court and the arbitral tribunals and the final ruling has not been issued yet.

   According to the opinion of the company's legal consultant, the company has the right to apply the interconnection rates used between the Mobile Operators, and that the company's position is based on the relevant agreements and laws, and there are several arbitral and judicial stages to finalize this dispute. It is difficult, in the meantime to determine the outcome of the above mentioned lawsuits and arbitral litigations till the final ruling of the judicial and arbitral bodies is issued.

2- As explained in note no. (35-2) of the notes to the separate financial statements, which describes the dispute between the company and one of its investee in which Telecom Egypt company owns 25%, in regards to an agreement that is concluded between the company and the investee, the company has filed an arbitration case against the investee, claiming compensation and the termination of the agreement as the investee breached the obligations stated in the agreement.In addition to, the investee has filed a counter arbitration case against the company claiming compensation according to the obligations of the same agreement. The arbitral tribunal issued an award to depute an expert to express his technical opinion for all the financial claims submitted by the both parties. On August 31,2015 the arbitral tribunal issued it's award regarding the above mentioned arbitral litigations rejecting the company's claim for a compensation, accepting the arbitral litigation filed by the investee, terminating the agreement concluded with the company and it's amendments and awarded compensation to the investee. Telecom Egypt started to take the necessary legal actions to cease the implementation of the award and annulling it.

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According to the opinion of the company's legal consultant, the company's management is of the opinion that it has sufficient legal corroboration which provide preponderance to it's position before the legal bodies regarding ceasing the implementation of the award and annulling it, it's difficult, in the meantime to determine the final outcome of the above mentioned legal actions till the final ruling of the competent legal bodies is issued.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company, the separate financial statements are in agreement thereto, the inventory was counted by management in accordance with methods in practice.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account.

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants & Consultants

Cairo, March 6, 2016

KPMG Hazem Hassan
Public Accountants and Consultants
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Telecom Egypt Company

(An Egyptian Joint Stock Company)

Separate Balance Sheet As of:

	Note No.	31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
Long Term Assets			
Fixed assets	(4)	11 484 056	10 831 035
Projects in progress	(5)	1 995 617	1 062 478
Investments in subsidiaries and associates	(6-1)	6 377 283	6 652 300
Available-for-sale investments	(6-2)	98 639	99 014
Other assets	(8)	903 240	1 013 274
Deferred tax assets	(19-1)	334 604	353 717
Total Long Term Assets		**21 193 439**	**20 011 818**
Current Assets			
Inventories	(9)	501 850	418 454
Trade receivables	(10)	4 734 369	4 655 834
Debtors and other debit balances	(11)	1 656 258	1 527 587
Held-to-maturity investments -treasury bills		–	277 398
Cash and cash equivalents	(12)	1 646 158	2 267 112
Total Current Assets		**8 538 635**	**9 146 385**
Current Liabilities			
Loans and credit facilities installments due within one year	(13)	57 424	62 628
Creditors and other credit balances	(14)	3 672 998	3 996 871
Provisions	(15)	996 790	546 967
Total Current Liabilities		**4 727 212**	**4 606 466**
Working Capital		**3 811 423**	**4 539 919**
Total Investments		**25 004 862**	**24 551 737**
Financed as follows:			
Equity and Long Term Liabilities			
Equity			
Capital	(17)	17 070 716	17 070 716
Reserves	(18)	6 317 415	6 298 316
Retained earnings		28 290	18 054
Net profit for the year		1 261 527	1 515 878
Interim dividends		–	(736 209)
Total Equity		**24 677 948**	**24 166 755**
Long Term Liabilities			
Loans and credit facilities	(13)	326 914	382 544
Creditors and other credit balances	(14)	–	2 438
Total Long Term Liabilities		**326 914**	**384 982**
Total Equity and Long Term Liabilities		**25 004 862**	**24 551 737**

The attached notes on pages (8) to (42) are an integral part of these separate financial statements.

Financial Director	**Financial officer Senior Director**	**Senior vice President, For Financial affairs**	**Managing Director & Chief Executive Officer**
Shaher Shokry	M.Shamroukh	Hassan Helmy	Osama
" Shaher Shokry "	" Mohamed Shamroukh "	" Hassan Helmy "	" Osama Yassin "

Board of Directors approval

Chairman

" Waleed Gad "

Auditor's Report "attached"

Telecom Egypt Company

(An Egyptian Joint Stock Company)

Separate Income Statement

	Note No.	For the financial year ended 31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
Operating revenues	(20)	10 390 211	10 883 815
Operating costs	(21)	(6 232 739)	(6 161 817)
Gross Profit		**4 157 472**	**4 721 998**
Other income	(22)	198 363	171 476
Selling and distribution expenses	(23)	(1 028 808)	(1 002 054)
General and administrative expenses	(24)	(1 870 797)	(1 714 397)
Other expenses	(25)	(487 566)	(375 197)
Operating profit		**968 664**	**1 801 826**
Finance income	(26)	263 788	337 848
Finance cost	(26)	(14 981)	(154 469)
Net finance income		**248 807**	**183 379**
Income from investments in subsidiaries and associates	(27)	**421 522**	**204 991**
Profit before tax		**1 638 993**	**2 190 196**
Income tax expense		(358 353)	(719 213)
Deferred tax	(19-1)	(19 113)	44 895
Total income tax	(19-3)	**(377 466)**	**(674 318)**
Profit for the year		**1 261 527**	**1 515 878**
Basic earnings per share (LE \ Share)	(29)	0.49	0.61

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Telecom Egypt Company
(An Egyptian Joint Stock Company)
Separate Statement of Cash Flows

	Note No.	For the financial year ended: 31/12/2015 L.E. (000)	31/12/2014 Reclassified L.E. (000)
Cash flows from operating activities			
Cash receipts from customers		7 915 642	6 792 050
Sales tax collected from customers		209 635	253 500
Stamp tax and fees collected (from third party)		31 375	31 579
Deposits returned to customers		(1 951)	(4 225)
Cash paid to suppliers		(1 032 623)	(885 174)
Payments of NTRA frequencies fees		(352 436)	(452 869)
Dividends paid to employees		(494 137)	(569 641)
Cash paid to employees		(2 542 363)	(2 303 446)
Cash paid on behalf of employees to third party		(482 325)	(415 980)
Cash provided by operating activities		**3 250 817**	**2 445 794**
Interest paid		(7 176)	(8 134)
Payments to Tax Authority - income tax		(607 988)	(573 793)
Payments to Tax Authority - sales tax		(496 529)	(648 453)
Payments to Tax Authority - other tax		(389 782)	(423 173)
Other (payments) proceeds		(91 455)	14 714
Net cash provided by operating activities		**1 657 887**	**806 955**
Cash flows from investing activities			
Payments for purchase of fixed assets and projects in progress		(2 460 719)	(1 309 383)
Acquisition of investements		-	(65 797)
Payments for purchase of held-to-maturity investment -treasury bills		-	(1 370 222)
Interest received		30 504	28 342
Dividends collected from investments		201 311	141 505
Proceeds from sale of held-to-maturity investment -treasury bills		265 083	1 105 149
Proceeds from securities- treasury bills interest		90 576	197 925
Proceeds from money market fund - fund interest		-	2 585
Net cash used in investing activities		**(1 873 245)**	**(1 269 896)**
Cash flows from financing activities			
Payments of loans and other facilities		(62 328)	(94 454)
Dividends paid to shareholders		(341 414)	(2 318 634)
Net cash used in financing activities		**(403 742)**	**(2 413 088)**
Net change in cash and cash equivalents during the year		(619 100)	(2 876 029)
Cash and cash equivalents at the beginning of the year	(12)	2 256 017	5 132 046
Cash and cash equivalents at the end of the year	(12)	**1 636 917**	**2 256 017**

The attached notes on pages (8) to (42) are an integral part of these separate financial statements.

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Telecom Egypt Company
(An Egyptian Joint Stock Company)
Separate Statement of Changes In Equity
For the Financial Year Ended December 31, 2015

	Capital L.E. (000)	Legal reserve L.E. (000)	Other reserves L.E. (000)	Retained earnings L.E. (000)	Net profit L.E. (000)	Interim dividends L.E. (000)	Total L.E. (000)
Balance as of 1/1/2014	**17 070 716**	**1 334 324**	**4 810 362**	**112 842**	**2 214 389**	-	**25 542 633**
Transferred to retained earnings	-	-	-	2 214 389	(2 214 389)	-	-
Transferred to legal reserve	-	110 719	-	(110 719)	-	-	-
Adjustments to the general reserve	-	-	(13 784)	-	-	-	(13 784)
Dividends for year 2013 (Shareholders)	-	-	-	(1 707 072)	-	-	(1 707 072)
Dividends for year 2013 (Employees & Board of Directors)	-	-	-	(491 386)	-	-	(491 386)
Interim Dividends	-	56 695	-	-	-	(736 209)	(679 514)
Net profit for the year	-	-	-	-	1 515 878	-	1 515 878
Balance as of December 31, 2014	**17 070 716**	**1 501 738**	**4 796 578**	**18 054**	**1 515 878**	**(736 209)**	**24 166 755**
Transferred to retained earnings	-	-	-	1 515 878	(1 515 878)	-	-
Transferred to legal reserve	-	19 099	-	(75 794)	-	56 695	-
Dividends for year 2014 (Shareholders)	-	-	-	(952 977)	-	611 563	(341 414)
Dividends for year 2014 (Employees & Board of Directors)	-	-	-	(476 871)	-	67 951	(408 920)
Net profit for the year	-	-	-	-	1 261 527	-	1 261 527
Balance as of December 31, 2015	**17 070 716**	**1 520 837**	**4 796 578**	**28 290**	**1 261 527**	-	**24 677 948**

The attached notes on pages (8) to (42) are an integral part of these separate financial statements.

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Telecom Egypt Company
(An Egyptian Joint Stock Company)

Notes to the Separate Financial Statements
For the Financial Year Ended December 31, 2015

1. BACKGROUND

1-1 Legal Entity

- Arab Republic of Egypt National Telecommunication Organization (ARENTO) was established pursuant to Law No.153 of 1980. Effective from March 27, 1998 and pursuant to law No.19 of 1998, the legal form of (ARENTO) was amended after the revaluation of its assets on March 26, 1998 to become "Telecom Egypt Company" (TE).
- Telecom Egypt Company (the "Company") is an Egyptian Joint Stock Company registered in the Arab Republic of Egypt and is engaged in the provision of public communications and associated products and services.
- The company is subject to the provisions of the Companies Law No. 159 of 1981 and Capital Market law No. 95 of 1992.
- The registered office of the company is 26 Ramses Street, Cairo, Egypt.
- The nominal shares for the company are traded in the Egyptian Stock Exchange and the London stock exchange.

1-2 Purpose of the company

The main purpose of the company represents in the following:

- Owning, setting up, operating, maintenance and development of telecommunication networks and infrastructure necessary for communication services for using and / or managing and / or leasing to others and / or dealing on them.
- Providing voice, video and data transmission telecommunication services to subscribers and / or managing and / or leasing to others and / or dealing on them.
- Participating or contributing to global communication systems, such as: - submarine cables and satellites and obtaining capacities or circuits for using and / or managing and / or leasing to others and / or dealing on them.
- Dealing or contracting or Participating with authorities , agencies, companies , organizations or any entity exercising an activity similar to or identical to the company's activities or relates or assists the company to achieve its purposes either in Arab Republic of Egypt or abroad.
- Managing, selling, leasing, purchasing, possessing, renting and dealing on any property and rights or benefit or right in any property. Including the movable and immovable property which could be acquired or owned by the company.
- Selling, purchasing and distributing of fixed line sets, mobile phones and computers, its peripherals, accessories and supplies, complementary devices and necessary spare parts and related maintenance works.
- Setting up voice, video and written data transmission networks and providing value-added services, content services, marketing, electronic signature and online money transfer.
- Investment properties for serving its purposes and executing its projects.

1-3 Issuance of the separate financial statements

These Separate Financial Statements were approved by the company's Board of Directors on March 6, 2016.

2. BASIS OF PREPERATION OF THE SEPARATE FINANCIAL STATEMENTS

2-1 Statement of compliance

These Separate Financial Statements have been prepared in accordance with Egyptian Accounting Standards and in the light of applicable Egyptian laws and regulations.

2-2 Basis of measurement

These Separate Financial Statements have been prepared under the historical cost basis, except for certain financial instruments which are measured at fair value in according to the Egyptian Accounting Standards.

For presentational purposes, the current/non-current distinction has been used for the balance sheet, while expenses are analyzed in income statement using a classification based on their functions. The direct method has been selected to present the cash flows statement.

2-3 Functional and presentation currency

These Separate Financial Statements are presented in Egyptian pound (L.E), which is the Company's functional currency. All financial information presented in "L.E" has been rounded to the nearest thousands unless otherwise stated.

2-4 Use of estimates

The preparation of the Separate Financial Statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the separate financial statements is included in the following notes:

- Impairment of non-financial and financial assets.
- Provisions and contingencies.
- Deferred tax assets.
- Operational useful life of fixed assets.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the Separate Financial Statements.

Certain comparative amounts have been reclassified to be compatible with the current separate financial statements presentation (Note no. 36).

3-1 Foreign currency translations

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the reporting date to the functional currencies at the exchange rate at that date. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at that date of the transaction. Foreign currency differences arising on retranslation are recognised in income statement.

3-2 Fixed assets and depreciation

(A) Recognition and measurement

Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation and accumulated impairment losses (see accounting policy 3-11).

The cost of the fixed assets includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of fixed assets have different useful lives, their depreciation is accounted for as separate items.

Gains and losses on disposal of an item of fixed assets are determined by comparing the proceeds from disposal with the carrying amount of the assets and they are recognized in income statement.

(B) Subsequent costs

The cost of replacing part of an item of fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of fixed assets are recognized in income statement as incurred.

(C) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of fixed assets. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

	Estimated useful life/year
Buildings and Infrastructure	10 – 50
Technical equipment and information technologies	6 - 20
Vehicles	5 - 10
Furniture	3 - 10
Tools and supplies	1 - 8

3-3 Other assets

Other assets are licenses, submarine cables, right of way and right of use, land (usufruct) and land (possession) which can be controlled and capable of generate future economic benefits.
Other assets are stated at acquisition cost including any expenses that are directly attributable to preparing the asset for its intended use, net of accumulated amortization and impairment losses. Amortization is recognized in profit and loss on a straight-line basis over the estimated useful lives of other assets from the date that they are available for use.

3-3-1 Licenses

Licenses are measured initially at cost. Amortization is charged to the income statement on a straight-line basis over the period of its expected use or the terms of the underlying agreement, whichever is shorter.

3-3-2 Right of way and right of use

The Company recognizes an intangible asset arising from a right of way and right of use of other assets when it has the right for usage of the assets. An intangible asset is measured initially at cost upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost, less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over the shorter of the period of its expected use which ranges from 10 to 20 years or the terms of the underlying agreement, starting from the date of the acquisition of the right.

3-4 Projects in Progress

The amounts incurred for construction or purchases of fixed assets are recorded at cost as projects in progress till being ready for the intended use in operations. Then, they are transferred to fixed assets with its cost.

3-5 Investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost. In case of the existence of impairment in the carrying amounts of these investments, the related investment is reduced by this impairment loss, and charged to the income statement for each investment.

3-6 Available - for - sale investments

Available-for-sale investments that have a quoted market price in an active market are measured at fair value and re-measurement is recognized directly in equity, if there is objective evidence that an impairment loss has been incurred, impairment loss is recognized in income statement. When an investment is derecognized, the cumulative gain or loss in equity is transferred to income statement.

Available-for-sale investments that do not have a quoted market price in an active market and which fair value cannot be reliably measured shall be measured at cost. In case of the existence of impairment, the carrying amounts of these investments are reduced by this impairment loss and recognized in income statement.

3-7 Financial asset at fair value through profit or loss (Held for trading investments)

Financial investments classified as held for trading are recorded initially at fair value. At the end of each financial period, these investments are re-measured at their fair value (Market Value). Gain or loss arising from a change in the fair value shall be recognized in the income statement for the period in which it arises.

3-8 Investments held- to- maturity (Treasury bills)

Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method.

3-9 Inventories

- Inventories are measured at the lower of cost or net realizable value at the date of balance sheet.
- Cost of materials, supplies, spare parts and merchandise for sale are determined using the moving average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location condition.

3-10 Trade receivables, debtors and other debit balances

Trade receivables, debtors and other debit balances are included as current assets unless they are contractually due over more than twelve months after the financial position date in which case they are classified as non-current assets. These assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment losses.

3-11 Impairment loss of assets

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and financial assets that are debt securities, the reversal is recognized in income statement. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognized in the income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3-12 Provisions

A provision is recognized as a result of a past event where the company has a legal or constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation, and the obligation can be reasonably estimated.

Provisions are reviewed at the balance sheet date and amended when necessary to reflect the best current estimate.

3-13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, banks current accounts, time deposits, money market fund and treasury bills which do not exceed three months and banks overdrafts that are repayable on demand and form an integral part of the company's cash management preparing are included as a component of cash equivalents for the purpose of preparing the statement of cash flows. The separate statement of cash flows is prepared and presented according to direct method.

3-14 Grants

Grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant and are then recognised in income statement as other income on a systematic basis over the useful life of the asset.

3-15 Creditors and other credit balances

Creditors and other credit balances are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, creditors and credit balances are stated at amortized cost using the effective interest rate.

3-16 Revenue recognition

Revenue represent in the service value & the goods sold value & investments income and interest income, revenue is recognized according to:

- Services: telecommunications services revenue is achieved when we deliver or provide service to the client when there is adequate emphasis to recover for them.
- Sale of goods: revenue from sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer and when there is adequate emphasis to recover for them.
- Investments: The Dividend income is recognized after the date of acquisition and according to dividends declaration by General Assembly of the investee, within the company's share in the investee.
- The income from deposit interest and returns of securities according to the accrual basis with considering the targeted rate of return from the asset.

3-17 Expenses

All operating expenses, including general and administrative expenses and selling and distribution expenses are recognized in income statement in accordance with the accrual basis in the financial period when incurred.

3-17-1 Operating lease payments

Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

3-17-2 Net financing income / (costs)

Financing costs comprise interest payable on borrowings, impairment losses recognized on financial assets, change in the fair value of financial assets at fair value through profit and loss and foreign exchange losses.
Financing income includes interest receivable on funds invested, dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit and loss and foreign exchange gains.

3-18 Employees benefits

The company contributes inside Egypt in Social Insurance under the Social Insurance Authority for the benefit of its personnel in pursuance to the Social Insurance Authority law No. 79 of 1975 and its amendments. These contributions are recorded in the "Wages and Salaries account" in addition to the early retirement scheme applied from September 1, 2001 (Note no. 28).

3-19 Capital lease agreements

The accrued lease payments, repair and maintenance expenses of leased assets under the capital leasing agreements are recognized according to the regulations of capital lease law no. 95 of 1995 as an expense in the income statement for the period according to the accrual basis. At the end of the lease agreement, if the company exercises its right to purchase the leased assets, these assets are recorded as fixed assets and their costs are determined at the amount of the purchase bargain option stated in the lease agreement and depreciated over the remaining estimated useful lives.

3-20 Earnings per share

The company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders after excluding the share of each of the employees and the Board of Directors in profits on the Company by the weighted average number of ordinary shares outstanding during the year.

3-21 Reserves

Legal Reserve: According to the company's Article of Associations requirements, 5% of the net profit is set aside to form a legal reserve. The transfer to legal reserve ceases once the reserve reaches 50% of the company's paid up capital, however, if the reserve falls below the defined level, then the company is required to resume setting aside 5% of the net profit.

Other reserves: The General Assembly may form other reserves based on the Board of Directors' recommendation.

3-22 Income tax

Income tax on the profit or loss for the year comprises of current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is measured based on the method expected to measure the values of assets and liabilities using tax rates enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3-23 Financial risk management

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the company's exposure to each of the above risks, the company objectives, policies and processes for measuring and managing risks, and the company management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the company risk management framework.

The company risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through
its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

3-23-1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss.

This risk is mainly resulting from the company's trade and other debtors.

Trade receivable and other debtors

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the company's customer base, including the default risk has less of an influence on credit risk.

Most of company's revenue is represented in sales transaction with many customers with close values for each customer, hence, there is no concentration of credit risk on specific customers.

Cash and cash equivalents

Credit risk relating to cash and cash equivalents - except cash on hand - and financial deposits arises from the risk that the counterparty becomes insolvent and accordingly is unable to return the deposited funds. To mitigate this risk, whenever possible, the company conducts transactions and deposits funds with financial institutions with high investment grade.

3-23-2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company ensures that the sufficient cash on demand to meet expected operational expenses for a suitable period, including the service of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

3-23-3 Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The company is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of the company, primarily the U.S. Dollars (USD) and Euro.

In respect of monetary assets and liabilities denominated in foreign currencies, the company ensures that its net exposure is kept to an acceptable level through purchase or sale of the foreign currencies with current prices when that is necessary to face un-balanced short term.

Interest rate risk

The Company is exposed to market risks as a result of changes in interest rates particularly in relation to borrowings. Borrowings issued at floating rates expose the company to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk.

The basic strategy of interest rate risk management is to balance the debt structure with an appropriate mix of fixed and floating interest rate borrowings based on the company's perception of future interest rate movements.

Other market prices risk

This risk arises from changes in the price of available-for-sale investments held by the company, the company's management monitors the equity instruments in the investments' portfolio according to the market and objective valuation of the financial statements related to these shares. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors. The primary goal of the company's investment strategy is to maximize investment returns and the Company consults external advisors in this regard.

3-23-4 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the company defines as net operating income divided by total shareholders' equity, the Board also monitors the level of dividends paid to shareholders. There were no changes in the company's approach to capital management during the year. The company is not subject to externally imposed capital requirements.

3-24 **New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) but not adopted.**

During the year 2015, a modified version of the Egyptian Accounting Standards (EAS) was issued including some of the new accounting standards and the amendments to some existing standards provided that they shall come into force for the financial periods that start after January 1, 2016, while taking into consideration that the early implementation of these standards is not permissible.

*In the following table, we shall review the most prominent amendments on the Egyptian Accounting Standards (EAS) that may have a significant impact on the separate financial statements of the company at the beginning of the implementation thereof:

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
EAS (1) **Presentation of Financial Statements**	*Financial Position Statement* • The Standard does not require to present the working capital presentation. The reference financial statements that was included in 2006 Standards was excluded; which presented the working capital presentation. • A statement shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity. *Income Statement (Profit or Loss)/Statement of Comprehensive Income* The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (*Income Statement*) and the other one starts with the profit or loss and presents the other comprehensive income items *(Statement of Comprehensive Income)*.	• Re-presenting all the presented financial statements, disclosures and their accompanying notes including the comparative figures to be in conformity with the required amendments to the Standard. • Adding a new statement, *Statement of Comprehensive Income*, for the current and comparative period.
EAS (10) **Property, Plant and Equipment *(PPE)***	• The option of using the revaluation model in the subsequent measurement of PPE has been canceled. • The financial shall disclose a reconciliation of the carrying amount – movement of the PPE and its depreciations- in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period. • The strategic (major) spare parts and stand-by equipment can be classified as PPE when the entity expects to use them for more than one period (when the definition of PPE applies thereto).	Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard. Re-presenting the comparative figures related to the PPE in the notes accompanying the financial statements to be in conformity with the required amendments on the standard.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
EAS (14) **Borrowing Costs**	Elimination of the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Income Statement without being capitalized on the asset.	The entity shall apply this Standard to the borrowing costs attributable to the qualifying assets, where the start date of capitalization falls within or after the date of the implementation of this Standard.
EAS (23) **Intangible Assets**	The option of using the revaluation model in the subsequent measurement of intangible assets has been canceled.	The amendment on the standard has no impact on the figures presented in the financial statements.
EAS (38) **Employee Benefits**	Actuarial Gains and Losses • All the accumulated actuarial gains and losses shall be immediately recognized as part of the defined benefit liabilities and charged to the Other Comprehensive Income items. The Cost of Past Service An entity shall recognize past service cost as an expense at the earlier of the following dates: (a) When the plan amendment or curtailment occurs; and (b) When the entity execute a significant restructuring plan ; it should recognize the related restructuring costs that include paying the termination benefits (Provisions Standard).	Retroactive amendments on the employee benefits that that exist on the date of implementing this amended Standard and on all presented comparative figures.
EAS (40) **Financial Instruments: Disclosures**	• A new Egyptian Accounting Standard No.(40) *"Financial Instruments: Disclosures"* was issued including all the disclosures required for the financial instruments. • Accordingly, EAS (25) was amended by separating the disclosures from it. The name of the Standard became *"Financial Instruments: Presentation"* instead of "Financial Instruments: Presentation and Disclosure"	Retroactive amendment to all the comparative figures of the presented disclosures shall be carried out.
Egyptian Standard No. (44): Disclosure of Interests in Other Entities	• A new Egyptian Accounting Standard No.(44) **"Disclosure of Interests in Other Entities"** was issued in order to comprise all the required disclosures pertaining to the investments in subsidiaries, associates, joint arrangements, and the unconsolidated Structured Entities. • The objective of this standard is to comply the entity to disclose the information that enable users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance, and cash flows.	Retroactive amendment to all the comparative figures for the disclosures presented.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian Standard No. (45) **Fair Value Measurement**	The new Egyptian Accounting Standard No. (45) "*Fair Value Measurement*" was issued and shall be applied when another Standard requires or allows measurement or disclosure to be made at fair value. This Standard aims the following: (a) Defining the fair value (b) Laying down a framework to measure the fair value in one Standard and (c) Identifying the disclosure required for the fair value measurements.	Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard.

4- FIXED ASSETS

	Land	Buildings & Infrastructure	Technical equipment &information technologies	Vehicles	Furniture	Tools & supplies	Total
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Cost as at 1/1/2015	2 372 492	19 933 463	20 035 031	125 019	243 639	84 256	42 793 900
Classification	(1 670)	1 670	–	–	–	–	–
Additions during the year	601	1 503 337	499 582	4 155	35 186	6 826	2 049 687
Disposals during the year	-	(3 901)	(12 894)	(4 346)	(4 551)	(1 133)	(26 825)
Cost as at 31/12/2015	**2 371 423**	**21 434 569**	**20 521 719**	**124 828**	**274 274**	**89 949**	**44 816 762**
Accumulated depreciation as at 1/1/2015	-	13 393 548	18 208 772	104 055	196 877	59 613	31 962 865
Depreciation for the year	-	829 354	538 727	6 457	14 456	4 481	1 393 475
Accumulated depreciation for disposals	-	(801)	(12 894)	(4 255)	(4 551)	(1 133)	(23 634)
Accumulated depreciation as at 31/12/2015	**-**	**14 222 101**	**18 734 605**	**106 257**	**206 782**	**62 961**	**33 332 706**
Net carrying amounts as at 31/12/2015	**2 371 423**	**7 212 468**	**1 787 114**	**18 571**	**67 492**	**26 988**	**11 484 056**
Net carrying amounts as at 31/12/2014	**2 372 492**	**6 539 915**	**1 826 259**	**20 964**	**46 762**	**24 643**	**10 831 035**

- Cost of fixed assets includes an amount of L.E. 22 873 million fully depreciated assets and still in use.

Depreciation for the year is charged to income statement as follows:	L.E. (000)
Operating costs	1 368 081
General and administrative expenses	25 394
	1 393 475

5. PROJECTS IN PROGRESS

	31/12/2015 LE (000)	31/12/2014 LE (000)
Land	14 420	8 542
Buildings and Infrastructure	731 589	268 059
Furniture	8 881	11 349
Technical equipment and information technologies	618 925	362 127
Other Assets (cables)	501 665	343 922
Advance payments	120 137	68 479
	1 995 617	**1 062 478**

6. LONG TERM INVESTMENTS

	Note No.	31/12/2015 Ownership %	31/12/2015 LE (000)	31/12/2014 Ownership %	31/12/2014 LE (000)
6-1 Investments in subsidiaries & associates					
- Telecom Egypt France (TE France)		100.00	69 220	100.00	69 220
- T.E. Data*		99.99	252 461	99.99	527 461
- TE Investment Holding		99.95	4 997	99.95	4 997
- Egyptian Telecommunication for Information System		97.66	31 250	97.66	31 250
- Centra Technology		58.76	14 737	58.76	14 737
- Wataneya for Telecommunications		50.00	125	50.00	125
- International Telecommunications Consortium limited (ITCL)		50.00	54	50.00	54
- Middle East Radio Communication		49.00	7 350	49.00	7 350
- Vodafone Egypt Telecommunications Company		44.95	5 960 054	44.95	5 960 054
- Egypt Trust		35.71	7 500	35.71	7 500
- Consortium Algerian Telecommunications		33.00	133	33.00	133
- Sofisat company		25.00	-	25.00	-
			6 347 881		6 622 881
Payments for investments purchase					
- TE Investment Holding **			34 983		35 000
- Egypt Trust ***			2 500		2 500
			6 385 364		6 660 381
Less:					
Impairment loss on investments of Consortium Algerien de Telecommunications , International Telecommunications Consortium Limited , Egypt Trust, Wataneya for Telecommunications and Telecom Egypt France	(16)		8 081		8 081
			6 377 283		**6 652 300**

* According to the approval of the Board of Directors of Telecom Egypt company in its meeting held on August 12, 2014. The issued capital of TE Data Company reduced by an amount of L.E. 325 million and paid capital reduced by an amount of L.E. 275 million and then the issued and fully paid capital after reduction amount to L.E. 190 million, on TE Data The Extra-Ordinary General Assembly approved capital reduction scheme, in its meeting held on December 14, 2014, capital reduction procedures was done during the period and modifying the commercial register of investee company, investment balance was adjusted by company's share from capital reduction which is amounted by L.E. 275 000 K with suppliers balance for investee company Note no.(33-1).

** The Extra-Ordinary General Assembly for TE Investment Holding held on 16/2/2015 approved the increase of the authorized capital to be L.E. 100 Million, and the issued capital to be L.E. 40 Million and the commercial registration related is in process.

*** Subscription was made by 25% from the company's share in Egypt Trust capital and the commercial registration related is in process.

6-2 *Available-for-sale investments*

	Note No.	31/12/2015 LE (000)	31/12/2014 LE (000)
- Participations in foreign satellite companies and organizations*		26 683	26 683
- Investments in other companies		94 705	94 705
		121 388	121 388
Less:			
Impairment loss on available-for-sale investments	(16)	22 749	22 374
		98 639	**99 014**

* This item includes the company's share in Arab Sat represented in 7 968 455 shares amounting to L.E. 11 856 K including free shares distributed during 2010 by Arab Sat to all the shareholders pro - rata - with their shares accordingly telecom Egypt contribution in Arab Sat capital remains as the same at 1.5937% .

7. DEBIT BALANCES – LONG TERM

Long-term debit balances in amounting to L.E. 453 902 K are represented in the value of the finance provided by Telecom Egypt to Consortium Algerian de Telecommunication Company (CAT) where Telecom Egypt participates directly and indirectly by 50%, the impairment has been made for the full balance where this company suffers from financial difficulties and sustains material losses. The Extra-Ordinary General Assembly of (CAT) held on July 1, 2009 approved the dissolution and liquidation of (CAT) Note no. (33-2). In the light of these circumstances, there is high probability that will not be able to collect the finance given to Consortium Algerian de Telecommunication Company.

8- OTHER ASSETS

	Right of way (ALITAR)	Right of way (FLAG)	Right of way (SMW)	Right of way (IMEWE)	Right of way (EIG)	Right of way (FALCON)	land (Possession)	land (Usufruct)	Licenses and programs	Total
	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)	L.E. (000)
Cost as at 1/1/2015	67 853	172 269	203 938	138 910	209 883	48 432	440 683	1	69 092	1 351 061
Additions during the year	-	10 023	-	-	185	-	-	-	-	10 208
Disposals during the year	-	(11 197)	(30 865)	(7 031)	(13 597)	-	-	-	-	(62 690)
Cost at 31/12/2015	**67 853**	**171 095**	**173 073**	**131 879**	**196 471**	**48 432**	**440 683**	**1**	**69 092**	**1 298 579**
Accumulated amortization as at 1/1/2015	55 715	109 829	55 843	32 862	34 354	8 880	-	-	40 304	337 787
Amortization for the year	3 642	5 750	12 741	9 560	14 341	3 229	-	-	28 788	78 051
Accumulated amortization for disposals	-	(78)	(13 715)	(3 383)	(3 323)	-	-	-	-	(20 499)
Balance as at 31/12/2015	**59 357**	**115 501**	**54 869**	**39 039**	**45 372**	**12 109**	**-**	**-**	**69 092**	**395 339**
Net carrying amounts as at 31/12/2015	**8 496**	**55 594**	**118 204**	**92 840**	**151 099**	**36 323**	**440 683**	**1**	**-**	**903 240**
Net carrying amounts as at 31/12/2014	**12 138**	**62 440**	**148 095**	**106 048**	**175 529**	**39 552**	**440 683**	**1**	**28 788**	**1 013 274**

- Other assets amortization charged to operating costs.

9. INVENTORIES

	31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
Spare parts	390 707	349 719
Material supplies	1 012	1 004
Merchandise for sale	245	288
Others – cables and supplies	78 794	47 020
	470 758	**398 031**
Add:		
Letters of credit	31 092	20 423
	501 850	**418 454**

Inventory's value was written down by L.E. 26 635 K (against L.E. 25 862 K at December 31, 2014) for obsolete and slow moving items deducted directly from the cost of each type of inventory.

10. TRADE RECEIVABLES

	Note No.	31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
Trade Receivables - National		4 714 251	4 713 970
Trade Receivables - International		2 366 104	2 457 843
		7 080 355	7 171 813
Less:			
Impairment loss on trade receivables	(16)	2 345 986	2 515 979
		4 734 369	**4 655 834**

11. DEBTORS AND OTHER DEBIT BALANCES

	Note No.	31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
Suppliers – debit balances		36 295	34 492
Deposits with others		17 739	14 366
Employees' imprest		198	201
Customs Authority - deposits		3 043	3 043
Accrued revenues		385 615	185 693
Tax Authority – withholding tax		110 414	56 747
Due from organizations and companies		66 881	122 137
Payments under the account of dividends - employees		282 428	196 256
Debts and restricted amounts at banks		2 173	2 310
Debts and restricted amounts at ministries		177 051	58 199
Payments on the account of income tax		100 411	114 198
Other debit balances		618 370	840 870
		1 800 618	1 628 512
Less:			
Impairment loss on debtors and other debit balances	(16)	144 360	100 925
		1 656 258	**1 527 587**

12. CASH AND CASH EQUIVALENTS

	Note No.	31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
Banks - time deposits (less than 3 months)		1 738 073	2 088 304
Banks - current accounts		(112 072)	(49 798)
Cash on hand		3 146	1 787
Treasury bills (less than 3 months)		17 011	226 819
Cash and cash equivalents		**1 646 158**	**2 267 112**
Less:			
Restricted time deposits	(31)	9 241	11 095
Cash and cash equivalents as per cash flows statement		**1 636 917**	**2 256 017**

13. LOANS AND CREDIT FACILITIES

Description	Loan Currency	Long term loan installments due within one year	Long term loan installments due within more than one year	Balance as of 31/12/2015	Balance as of 31/12/2014	Annual interest rate	Repayment schedule
		L.E (000)	L.E (000)	L.E (000)	L.E (000)	%	
Governmental Loans	U.S.$	38 318	46 230	84 548	114 350	4 %	Annual installments ending on 24/1/2018
Foreign loans	EURO	18 431	280 684	299 115	330 133	0.75 - 5.5%	Semi-annual installments ending on 30/6/2036
Foreign suppliers' facilities	EURO	675	-	675	689	5.50%	
		57 424	**326 914**	**384 338**	**445 172**		

- Foreign suppliers' facilities in Euro amounting to L.E. 675 K equivalent to Euro 79 K are against letters of guarantee issued by National Bank of Egypt in favor of Siemens as a guarantee. for this facility settlement, there are no other guarantees for the remaining of loans and facilities.

14. CREDITORS AND OTHER CREDIT BALANCES

	31/12/2015 L.E (000)	31/12/2014 L.E (000)
Suppliers	375 606	631 266
Tax Authority-Income Tax	351 072	693 443
Tax Authority (taxes other than income tax)	190 582	159 000
Deposits from others	695 030	668 561
Fixed assets creditors	944 151	573 943
Dividends creditors	770	770
Accrued interest	3 175	4 320
Accrued expenses	272 695	291 925
Social Insurance Authority	33 962	30 568
Customers - credit balances	293 082	283 086
Credit balance for social, cultural and sportive activities	610	10 000
Due to organizations and companies	72 592	231 510
Customer credit balances - Submarine Cables	–	304
Deferred revenues*	2 438	11 360
NTRA	88 926	122 451
Other credit balances	348 307	286 802
	3 672 998	3 999 309
Less:		
Credit balances due within more than one year (deferred revenues)	-	2 438
	3 672 998	**3 996 871**

*The deferred revenues amounting to L.E. 2 438 K which are represented in grant given by the USAID and Submarine Cables Project Management for the construction of a building in Alexandria and the right of use for submarine (against L.E. 11 360 K at December 31, 2014, the short term portion of the grant amounting to L.E. 8 922 K).

15. PROVISIONS

	Note No.	Balance as of 1/1/2015 L.E. (000)	Charged to income statement L.E. (000)	Used during the year L.E. (000)	Reclassification L.E. (000)	Balance as of 31/12/2015 L.E. (000)
Provision for liabilities, claims and others						
Tax provision	(25)	525 370	111 000	(117 931)	(45 824)	472 615
Claims provision*	(25)	21 597	321 995	(375)	180 958	524 175
		546 967	**432 995**	**(118 306)**	**135 134**	**996 790**

* Claims provision is related to lawsuits, compensation and social insurance claims in respect of contracting contracts.

16. IMPAIRMENT LOSS ON ASSETS

	Note No.	Balance as of 1/1/2015 L.E. (000)	charged to income statement L.E. (000)	Reversal of impairment L.E. (000)	Reclassification L.E. (000)	Balance as of 31/12/2015 L.E. (000)
Impairment loss on investments in associates and subsidiaries	(6-1)	8 081	–	–	–	8 081
Impairment loss on available-for-sale investment	(6-2)	22 374	375	–	–	22 749
Impairment loss on long-term debit balances	(7)	453 902	–	–	–	453 902
Impairment loss on Inventories	(9)	25 862	773	–	–	26 635
Impairment loss on trade receivables	(10)	2 515 979	10 965	–	(180 958)	2 345 986
Impairment loss on debtors and other debit balances	(11)	100 925	–	(2 389)	45 824	144 360
		3 127 123	**12 113**	**(2 389)**	**(135 134)**	**3 001 713**

17. CAPITAL

- The company's issued and fully paid-up capital is L.E. 17 070 716 K, represented in 1 707 071 600 shares at a par value of L.E. 10 each
- The Egyptian Government owns 80% of the company's shares after floating 20% of company's shares in public offering during December 2005.

18. RESERVES

	31/12/2015	31/12/2014
	L.E. (000)	L.E. (000)
Legal reserve	1 520 837	1 501 738
General reserve*	4 771 654	4 771 654
Revaluation reserve available-for-sale investments	6 814	6 814
Capital reserve	18 110	18 110
	6 317 415	**6 298 316**

* General reserve amounting to L.E. 4 771 654 K as at December 31, 2015 represents the dividends transferred to the general reserve for years 1999/2000 till 2006 after deducting L.E. 916 530 K which represents the net adjustments on the fixed assets for land item during the years from 2005 to 2014.

19. DEFERRED TAX

19-1 Recognized deferred tax assets and liabilities

	31/12/2015		31/12/2014	
	Assets	Liabilities	Assets	Liabilities
	L.E (000)	L.E (000)	L.E (000)	L.E (000)
Inventories	5 993	-	6 465	-
Trade receivables and other debit balances	204 135	-	258 526	-
Provisions	88 783	-	49 117	-
Accrued liabilities	35 693	-	39 609	-
Total deferred tax asset	334 604	-	353 717	-
Net deferred tax asset	334 604	-	353 717	-
Deferred tax charged to the income statement for the year	(19 113)		44 895	

- Amendments were made on income tax law during 2014, 2015 and the most important of these amendments is tax rate reduction to be 22.5% Note no (32).

19-2 Unrecognized deferred tax assets

	31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
Impairment loss on trade recivables	333 119	418 048
Impairment loss on debtors & other debit balances	125 202	128 254
Impairment loss on Investment available for sale	5 118	-
Provision for liabilities and claims	87 750	89 000
Fixed assets	51 377	45 532
	602 566	**680 834**

Deferred tax assets have not been recognized in respect of the above items due to uncertainty of the utilization of their benefits in the foreseeable future.

19-3 Reconciliation of effective tax rate

	For the financial year ended 31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
Net profit for the year before income tax	1 638 993	2 190 196
Income tax	368 773	657 009
Add / (Less):		
Depreciation and amortization	11 424	18 234
Provisions	31 612	30 001
Impairment loss on trade recivables, debit balances and inventory	56 578	5 417
Accrued liabilities	3 961	(95)
Exempted investments income	(88 788)	(64 002)
Adjustments on other items	(13 375)	1 984
Tax differences of previous years	7 281	25 770
	8 693	**17 309**
Current income tax	**377 466**	**674 318**
Effective tax rate	**23.03%**	**30.79%**

20. OPERATING REVENUES

	For the financial year ended	
	31/12/2015	31/12/2014
	L.E. (000)	L.E. (000)
Home	1 529 944	1 675 267
Enterprise	1 283 336	1 365 600
Domestic wholesale	3 891 909	3 517 427
international carriers	2 998 890	3 072 778
international cables and networks	686 132	1 252 743
Total operating revenues	**10 390 211**	**10 883 815**

21. OPERATING COSTS

		For the financial year ended	
	Note	31/12/2015	31/12/2014
	No.	L.E. (000)	L.E. (000)
Interconnection cost		2 404 247	2 353 748
Fuel		270 377	173 981
Spare parts		80 146	72 300
Maintenance		321 068	277 855
Leased circuits & satellite subscriptions		79 665	77 544
Depreciation and amortization		1 446 132	1 467 149
Other operating costs	(21-1)	1 631 104	1 739 240
		6 232 739	**6 161 817**

21-1 OTHER OPERATING COSTS

	For the financial year ended 31/12/2015 L.E (000)	31/12/2014 L.E (000)
Salaries and wages	992 520	1 038 721
Company's social insurance contribution	114 112	112 725
Employees vacations allowance	5 600	5 794
Electricity and water	26 653	20 566
Other supplies	26 893	25 575
Transportation cost	44 225	37 128
Company's call costs	66 883	59 354
Frequencies and licenses charges (NTRA)	296 185	396 496
Right of use (IRU) outside Egypt	57 922	42 405
Cost of merchandise available for sale	3	411
Publishing and advrtising expenses	108	65
	1 631 104	**1 739 240**

22. OTHER INCOME

	For the financial year ended 31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
Deferred revenues (year 2015)	8 922	8 922
Fines and earned delay interest on company's receivables	112 817	73 943
Provisions no longer required	-	14 049
Other	76 624	74 562
	198 363	**171 476**

23. SELLING AND DISTRIBUTION EXPENSES

	For the financial year ended 31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
Salaries & wages	658 863	654 706
Company's social insurance contribution	77 320	71 675
Employees vacations allowance	3 827	3 979
Discount allowed	198 373	180 666
Advertising and Marketing	69 797	68 845
Tax and duty	14 554	15 316
Others expenses	6 074	6 867
	1 028 808	**1 002 054**

24. GENERAL AND ADMINISTRATIVE EXPENSES

	Note No.	For the financial year ended 31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
Salaries and wages		1 085 872	1 023 206
Company's social insurance contribution		97 233	73 118
End of service compensation - early retirement program	(28-1)	1 843	1 809
The company's contribution in loyalty and belonging fund	(28-2)	188 636	171 487
Services rendered from third party		236 526	195 467
Employees vacations allowance		6 416	6 100
Depreciation		25 394	19 961
Bad debts		22 237	8 088
Tax and duty		161 269	172 280
Bank charges		3 723	3 431
Others expenses		41 648	39 450
		1 870 797	**1 714 397**

25. OTHER EXPENSES

	Note No.	For the financial year ended 31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
Provisions	(15)	432 995	330 000
Capital losses		208	10 832
Sale of slow moving inventories losses		4 598	1 730
Donations		49 765	32 635
		487 566	**375 197**

26. NET FINANCE INCOME

	Note No.	For the financial year ended 31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
Finance income			
Interest income		30 901	41 930
Treasury bills income		78 261	210 240
Money market funds income		-	2 584
Foreign exchange		146 409	77 328
Investment available for sale income			
Egyptian Company for Ideavelopers		162	-
Technology Developing fund		1 491	1 385
Arabsat		6 564	4 381
Total finance income		**263 788**	**337 848**
Finance costs			
Interest expense		(6 031)	(7 786)
Impairment loss on financial assets	(16)	(8 575)	(145 378)
Impairment loss on available-for-sale investments	(16)	(375)	(1 305)
Total finance cost		**(14 981)**	**(154 469)**
Net finance income		**248 807**	**183 379**

27. INCOME FROM INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

	For the financial year ended	
	31/12/2015	31/12/2014
	L.E. (000)	L.E. (000)
TE-Data	315 000	145 000
The Egyptian Telecommunication Company for information systems	78 125	31 250
Middle East Radio Communications (MERC)	1 430	1 774
Vodafone Egypt Telecommuniacations Company	26 967	26 967
	421 522	**204 991**

28. EMPLOYEE'S BENEFITS

28-1 Early retirement scheme

The Company has an early retirement scheme whereby employees who wish to retire, prior to the legal retirement age, are entitled to receive a compensation amounting to 75% of their latest basic salary for the remaining service period up to the retirement age with a maximum of 10 years for men and 15 years for women. Compensations relating to early retirement amounted to L.E. 1 843 K for the year ended 2015 (against LE 1 809 K for the year 2014) are included in general and administrative expenses Note no (24).

28-2 End of service benefits (the company's contribution in loyalty and belonging fund)

The employees are granted an end of service benefits through a Loyalty & belonging Fund established in January 2004. Employees' benefit are based on the employees' basic salary in January 1, 2005 increasing at a compound rate of 5%. The subscription for employees hired after January 1, 2005, is calculated according to a subscription schedule for new hires and increasing at a compound rate of 5% starting from the next year from the hiring date.

The employees share in loyalty & belonging fund according to constant subscription are based on the same employees' basic salary where the end of service benefit calculated. The Company's contribution for the year 2015 amounts to L.E. 188 636 K (against LE 171 487 K for the same period as of the year 2014). The Company's contribution is included in general and administrative expenses Note No (24).

29. BASIC EARNINGS PER SHARE

	For the financial year ended	
	31/12/2015	31/12/2014
Net profit for the year (L.E. (000))	1 261 527	1 515 878
Less:		
Employees share in interim dividends (L.E. (000))	-	67 951
Employees' share in profit (L.E. (000))**	416 842	403 720
Board of directors share in profit (L.E. (000))**	5 200	5 200
Net profit for the year before distribution	839 485	1 039 007
Number of the available shares during the year (share)	1 707 071 600	1 707 071 600
Basic earnings per share for the year (L.E. / share)	**0.49**	**0.61**

** According to Board of Directors suggestion for viewing on Telecom Egypt Company General Assembly.

30. CAPITAL COMMITMENTS

The company's capital commitments for the unexecuted parts of contracts until December 31, 2015 amounted to L.E. 77 million (against L.E. 205 million as at December 31, 2014) includes uncalled installments of investees' share in capital and haven't been claimed yet by an amount of L.E. 1 million. These commitments are expected to be settled in the subsequent period except for the uncalled installments of investees' share in capital, which shall be settled when required by the Board of Directors of those investees companies.

31. CONTINGENT LIABILITIES

In addition to the amounts included in the balance sheet as of December 31, 2015, the company has the following contingent liabilities:

	31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
- Letters of guarantee issued by banks on behalf of the company*	120 177	64 365
- Letters of credit	305 718	168 975

* letters of guarantee issued by banks include restricted time deposits (Note no.12).

32. TAX POSITION

32-1 Corporate tax

- Tax inspection was performed for the years till December 31, 2013 and all due taxes were settled.
- Tax returns for the years till 2014 were submitted on the due dates and payments were made accordingly.
- Tax inspection for the year 2014 is in process.

32-2 Amendments on important laws issued during year 2014

- On June 4, 2014, law no. 44 of 2014 was issued, imposing temporary additional 5% increase in the tax rate for three years on individuals and corporate entities whose annual income exceeds one million egyptian pounds. This tax will be calculated and collected according to the provisions of the income tax law, and shall come into force on 5 June 2014.
- And on June 30, 2014, a presidential decree no. 53 of 2014 was issued, amending certain provisions of the income tax Law No. 91 of 2005, the main amendments are:
  1. Imposing income tax on dividends.
  2. Imposing income tax on capital gains from selling shares and securities.

On April 6, 2015 Ministerial Decree No. 172 of 2015 was issued, amending certain provisions of the excutive regulations for the Income Tax Law issued by the Minister of Finance decree No. 991 for the year 2005.

32- 3 Amendments of important laws issued during 2015

On August 20, 2015, Presidential Decree was issued with Law No. (96) of 2015 amending certain provisions of the Income Tax Law No. (91) of 2005 and the decree no (44) of 2014 to impose temporary additional income tax, the decree will be effective from the day following its publication, the following are the most significant changes that were mentioned in the decree:

1- Decreasing the income tax rate to be 22.5% of the net annual profits.
2- Amending the period of imposing the temporary tax 5%.
3- Amending the tax on dividends.
4- Suspend the adoption of the capital tax imposed on the income from dealing in listed securities for two years starting from 17/5/2015.

32- 4 Sales Tax

- Tax inspection was performed for the years till December 31, 2010 and all due taxes were settled.
- Tax inspection for the years 2011 till 2013 is in process.
- The company submitting monthely returns and paying taxes regulary, according to the law No.11 for the year 1991 and its edits.

32- 5 Salary Tax

- Tax inspection was performed for the years till December 31 ,2012, and the Company was notified and all due taxes were settled.
- Tax inspection for the year 2013 is in process.

32- 6 Stamp tax

- Tax inspection for the period from March 27, 1998 to December 31, 2000 was performed for certain sectors and the company was notified, the company objected on the disputed items on the due dates and the related provisions were formed to meet the disputed tax liabilities.
- Tax inspection for the period from January 1, 2001 till July 31, 2006 was performed for certain sectors of the company and taxes due were settled. Tax inspection for the remaining sectors is currently being undertaken during the same period.
- Tax inspection for period from August 1, 2006 to December 31, 2009 and due taxes were settled, disputed amounts were forwarded to the internal committee.
- Tax inspection for the years 2010 till 2014 was performed and the disputed items were resolved with the exception of the relative stamp on salaries and wages which have been forworded to the appeal committee.

32- 7 Real estate taxes

- All taxes are paid according to the addition notices received by the company. The company's Legal Affairs Department follows up the disputes according to the Real Estate Tax Law.
- Tax returns were submitted according to the Real Estate Tax Law No.196 for the year 2008 on the due dates.
- Provisions were formed to meet any tax liabilities that may arise from the tax inspection.

33. RELATED PARTY TRANSACTIONS

There are transactions between Telecom Egypt and its subsidiaries and associates and such transactions approved by the company's management, the following statement contain the most important transactions during the financial year and the balances shown in the separate financial statements date:

33-1 Transactions with subsidiaries

	Nature of transaction during the year	Amount of transactions during the year recorded in the income statement L.E. 000	Transaction volume during the year Debit L.E. 000	Transaction volume during the year Credit L.E. 000	Balance as of 31/12/2015 Debit/(Credit) L.E. 000	Balance as of 31/12/2014 Debit/(Credit) L.E. 000
Debit balances included in trade receivables						
- Egyptian Telecommunication Company for Information Systems	Lease of subsidiary company headquarters & electricity claims	11 334	22 750	10 751	12 418	419
- TE Data	Leased circuits and information transfer networks	-	636 950	636 950	-	-
- TE Data	Variable services	1 046 312	1 226 341	1 988 689	353 951	1 116 299
- Middle East Radio Communication (MERC)	Leased circuits and information circuits	1 456	1 602	1 597	-	(5)
- Jordanian Egyptian Company for data transfer	participation contract	5 776	7 728	6 400	(1 439)	(2 767)
- Jordanian Egyptian Company for data transfer	The movement of international clearing	9 033	9 686	11 902	3 180	5 396
			1 905 057	2 656 289	368 110	1 119 342
Debit balances included in debtors and other debit balances						
- Egyptian Telecommunication Company for Information Systems	-	-	-	-	145	145
- Centra for Technology	Maintenance & supplying computers	-	-	10 047	-	10 047
- TE Investment Holding	payments of expenses on behalf of the subsidiary company	-	283	-	283	-
- TE Data	Variable services	-	-	12 134	-	12 134
			283	22 181	428	22 326
Credit balances included in suppliers balances						
- TE Data*	Capital reduction	-	284 094	-	-	(284 094)
- Centra for Technology	Maintenance & supplying computers	9 820	64 076	75 340	(11 264)	-
- Centra for Electronic Industries	Maintenance & supplying computers	1 565	1 608	1 767	(1 046)	(887)
- Middle East Radio Communication (MERC)	Supplying & installing communication networks	-	-	-	(138)	(138)
- TE Data	Services rendered from subsidiary company	66 188	241 313	148 261	(97 361)	(190 413)
- Egyptian Telecommunication Company for Information Systems	Services rendered from subsidiary company	75 407	73 978	75 407	(6 367)	(4 938)
			665 069	300 775	(116 176)	(480 470)
Credit balance included in creditors and other credit balances						
- TE Data	Internet services	81	204	81	(24)	(147)
- TE Data	Supplying Information technology equipment	8 961	5 361	17 970	(21 073)	(8 464)
- TE Investment Holding	Lease of premises	18	18	18	(9)	(9)
- TE France	participation contract	8 676	1 818	8 538	(15 653)	(8 933)
- Egyptian Telecommunication Company for Information Systems	Services rendered from subsidiary company	6 322	14 093	20 415	(6 322)	-
			21 494	47 022	(43 081)	(17 553)

*this amount include an amount of L.E 275 000 K represent the company's share in reducing TE Data company capital during the year.

33. **RELATED PARTY TRANSACTIONS (continued)**

33-2 Transactions with associates

	Nature of transactions during the year	Amount of transactions during the year recorded in the income statement L.E 000	Transaction volume during the year Debit L.E 000	Transaction volume during the year Credit L.E 000	Balance as of 31/12/2015 Debit/(Credit) L.E 000	Balance as of 31/12/2014 Debit/(Credit) L.E 000
Balances included in trade receivables						
– Vodafone Egypt Telecommuniacations Company	Outgoing calls and voice services to the associates company	1 117 275				
			3 069 111	2 798 280	125 600	(145 231)
	Incoming and international calls, transmission premises and towers to the associates company	1 052 065				
			3 069 111	2 798 280	125 600	(145 231)
Debit balances included in debit balances - long term (Note No.7)						
– Consortium Algerian Telecommunications (CAT)*	Paid on behalf of associates to finance operating expenses	-	-	-	453 902	453 902
			-	-	453 902	453 902
Debit balances included in debtors and other debit balances						
– International Telecommunication Consortium Limited (ITCL)*		-	-	-	66	66
			-	-	66	66

*The balance is fully impaired due to company's inability to recover this amount in foreseeable future.

34. FINANCIAL INSTRUMENTS

34 –1 Credit risk

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the separate financial statements date is:

Description	Note No.	31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
Trade receivables	(10)	4 734 369	4 655 834
Debtors and other debit balances	(11)	1 656 258	1 527 587
Available-for-sale investments	(6-2)	98 639	99 014
Held-to-maturity investments -treasury bills		-	277 398
Cash and cash equivalents	(12)	1 643 012	2 265 325
		8 132 278	**8 825 158**

34-2 Liquidity risk

The following are the expected maturities of financial liabilities at the reporting date:

Description	Carrying Amount L.E (000)	One year or less L.E (000)	From 1-2 years L.E (000)	From 3-5 years L.E (000)	More than 5 years L.E (000)
December 31, 2015					
Creditors and other credit balances	3 672 998	3 672 998	-	-	-
Loans and credit facilities	384 338	57 424	70 781	42 519	213 614
	4 057 336	**3 730 422**	**70 781**	**42 519**	**213 614**
December 31, 2014					
Creditors and other credit balances	3 999 309	3 996 871	2 438	-	-
Loans and credit facilities	445 172	62 628	53 868	76 518	252 158
	4 444 481	**4 059 499**	**56 306**	**76 518**	**252 158**

34-3 Currency risk

Description	U.S. Dollar (000)	Sterling Pound (000)	Euro (000)	Swedish Krona (000)	Total LE (000)
December 31, 2015					
Trade receivables - International Clearance	182 946	-	-	-	1 432 476
Accrued interest for time deposits	134	-	37	-	1 365
Banks-current accounts & time deposits	157 958	300	47 336	-	1 644 557
Total assets in currency	**341 038**	**300**	**47 373**	**-**	**3 078 398**
Creditors & other credit balances	45 609	5	1 787	8 196	380 055
Foreign loans & facilities	10 798	-	35 103	-	384 339
Total liabilities in currency	**56 407**	**5**	**36 890**	**8 196**	**764 394**
Risk surplus (deficit)	**284 631**	**295**	**10 483**	**(8 196)**	**2 314 004**
Equivalent in Egyptian Pound	**2 228 675**	**3 416**	**89 528**	**(7 615)**	**2 314 004**
December 31, 2014					
Trade receivables - International Clearance	176 618	-	-	-	1 265 478
Accrued interest for time deposits	189	-	33	-	1 642
Banks-current accounts & time deposits	202 404	299	57 279	-	1 952 661
Total assets in currency	**379 211**	**299**	**57 312**	**-**	**3 219 781**
Creditors & other credit balances	51 278	5	8 996	8 692	453 896
Foreign loans & facilities	15 959	-	37 967	-	445 168
Total liabilities in currency	**67 237**	**5**	**46 963**	**8 692**	**899 064**
Risk surplus (deficit)	**311 974**	**294**	**10 349**	**(8 692)**	**2 320 717**
Equivalent in Egyptian Pound	**2 235 309**	**3 279**	**90 174**	**(8 045)**	**2 320 717**

Exchange rates for currencies against Egyptian pound:

	Average exchange rate during:		Closing exchange rate as at:	
	2015 L.E.	2014 L.E.	31/12/2015 L.E.	31/12/2014 L.E.
U.S. Dollar	7.6989	7.0955	7.8301	7.1651
Sterling Pound	11.7502	11.6748	11.5800	11.1528
Euro	8.5577	9.4093	8.5403	8.7134
Swedish Krona	0.9155	1.0341	0.9292	0.9257

34–4 Sensitivity analysis

A 10% strengthening of the foreign currencies against the EGP as of December 31, 2015 would have increased profit by an amount of L.E. 231 400 K (L.E. 232 072 K as of December 31, 2014). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2014.

34–5 Interest rate risk

At the reporting date, the interest rate profile of the company's financial instruments is:

Description	Note No.	31/12/2015 L.E. (000)	31/12/2014 L.E. (000)
Financial instruments with fixed interest rate			
Financial assets – deposits	(12)	1 738 073	2 088 304
Financial liabilities (loans-credit facilities)	(13)	384 338	445 172
		2 122 411	**2 533 476**

34–6 Fair values for financial instruments

The financial instruments are represented in the balance of cash on hand and at banks, loans and credit facilities, trade receivables, investments, debtors and creditors.

The fair value of these financial instruments does not materially differ from its book value.

35. CLAIMS AND LITIGATIONS

The Company's external legal advisor's opinion is that the following court cases are still pending by judicial and arbitral authorities, it is difficult to determine the obligation for any of the disputed parties by the issuance of the final ruling.

35-1 Interconnect agreement with mobile companies

Telecom Egypt had filed a complaint before the Dispute Resolution Committee of the National Telecommunication Regulatory Authority (NTRA) requesting the application of the same interconnection rates applied between the mobile operators (Mobinil and Vodafone) as per the legal obligations in telecom law and signed agreements between Telecom Egypt and each of Mobinil and Vodafone. On September 3, 2008 NTRA issued the first decision in favor of Telecom Egypt, this was followed by the second on December 31, 2009 and amended on January 14,2010. Vodafone had appealed on NTRA Decision Dated 3 September 2008, and Mobinil appealed as well on both NTRA decisions to the administration court and high administrative court these appeals are still in process before the courts. Telecom Egypt is not a part of the Mobinil appeal against NTRA to repeal the abovementioned decisions.

On September 2009, Mobinil had filed the Arbitration Case no. 644/2009 year requesting the application of the interconnection rates mentioned in the signed agreements with Telecom Egypt and objecting the application of NTRA abovementioned decisions, claiming that Telecom Egypt made a contractual violations by complaining at NTRA, also request damages for not entering into services level agreements related to the transmission leased line and International gateway services. In october 2009 Telecom Egypt had filed the Arbitration Case against Mobinil and filed the Arbitration Case no. 650/2009 against Vodafone, that's where Telecom Egypt's management believes that these two companies charged Telecom Egypt with rates exceeds the rates where these two companies are charging each other and this violates the article (13) of the interconnection agreement between Telecom Egypt and these two companies. The tribunal in TE-Vodafone arbitration case rejected TE's interpretation of article (13) by its award issued on 10 January 2015. On 29 March 2015, The tribunal in Mobinil Case rejected Mobinil's request to apply the interconnection rates stated in the interconnection agreement, also the tribunal submit its interpetation to the Egyptian law and the principles that should be followed by both parties to agree on the interconnection rates. Also the tribunal rejected a part of TE's claims for the previous period, the Tribunal depute an expert to review Mobinil claims whether from the principle or the amount claimed, and these claims still pending before Tribunal.

The company's legal advisor believes that the company has the right to apply the interconnection rates same as other mobile operators, and this opinion in the light of NTRA decisions that still in effect, the provisions Telecommunication law and Competition law.

According to the legal advisor's opinion, the company recognizes revenues and costs related to the interconnection service with mobinil and vodafone according to the applicable decisions released by the NTRA until annuled or a final award is issued by the courts and arbitration.

The amount in dispute as per the company's record between Telecom Egypt and both company " Mobinil, Vodafone " in relation to the said dispute for the period from September 3, 2008 to the end of December 2015 is approximtely an amount of L.E. 878 072 K.

35-2 Dispute with one of the investees

The company has filed an arbitration case against an investee, in which Telecom Egypt owns 25%, claiming compensations for breach of obligations stipulated in an agreement concluded between the company, and the investee and requesting the termination of the said agreement. The investee has filed as well another arbitration case against Telecom Egypt claiming compensation for breaching of obligations stipulated in the same agreement. In 31 August 2015, the tribunal issued an arbitral awards in arbitration cases no. 672/2010 and 673/2010, also an interpretation award for case No. 673/2010 on 28 September 2015, and notified TE with the award on 7 October 2015. The tribunal rejected Telecom Egypt claims for compensations, it also decided that it has jurisdiction over the investee claims and decided to terminate the contract dated 25 July 2000, and its amendments dated 2004, and the shareholder's contract dated 27 February 2006 and awarded compensation to the investees. The company started to take the necessary legal action to cease the implementation of such award and to annul it. The external legal counsel believes that the company has a number of strong arguments available on appeal and preponderance of annulling the award or ceasing its implementation.

35-3 Other Claims

The company has filed arbitration cases against the three prepaid cards companies, which filed a counter claims against Telecom Egypt. All these cases have been resolved in favor of Telecom Egypt and the procedures for the Execution of these rulings are currently in process.

Provisions were formed to meet any probable liabilities and impairment loss on assets that may arise from the claims and litigations above.

36. Compartive figures

Reclassifications were made to comparative figures for some of the separate cash flow items to conform the current presentation.

	For the year ended 31/12/2014 as previously presented LE(000)	Reclassification LE(000)	For the year ended 31/12/2014 current presentation LE(000)
Cash paid for suppliers	(799 601)	(85 573)	(885 174)
Other payments	(70 859)	85 573	14 714